

DIRECT TESTIMONY AND EXHIBITS OF

MICHAEL L. SEAMAN-HUYNH

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2020-2-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS FOR

DOMINION ENERGY SOUTH CAROLINA, INC.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Michael Seaman-Huynh. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Deputy Director of Energy Operations at the Office of Regulatory Staff (“ORS”).

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received my Bachelor of Arts from the University of South Carolina in 1997. Prior to my employment with ORS, I was employed as an energy analyst with a private consulting firm. I joined ORS in 2006 as an Electric Utilities Specialist and was promoted to Senior Electric Utilities Specialist in 2010. When the Energy Regulation Department was formed in August 2015, I assumed the position of Senior Regulatory Analyst. In May 2016, the Utility Rates and Services Division was formed, and I was promoted to the position of Senior Regulatory Manager. I assumed my current position in August of 2019.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?

A. Yes. I have previously testified before the Commission on numerous occasions.

Q. WHAT IS THE MISSION OF THE OFFICE OF REGULATORY STAFF?

A. ORS represents the public interest as defined by the South Carolina General Assembly as follows:

[T]he concerns of the using and consuming public with respect to public utility services, regardless of the class of customer, and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to set forth ORS's recommendations resulting from our examination and review of Dominion Energy South Carolina, Inc.'s ("DESC" or "Company") fuel expenses and power plant operations used in the generation of electricity to meet the Company's retail customer requirements during the review period. The review period includes the actual data for January 2019 through December 2019 ("Actual Period"), estimated data for January 2020 through April 2020 ("Estimated Period"), and forecasted data for May 2020 through April 2021 ("Forecasted Period").

Q. WAS THE REVIEW PERFORMED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes. The review to which I testify was performed by me or under my supervision.

Q. WHAT DID ORS'S REVIEW OF THE COMPANY'S FUEL EXPENSES INVOLVE?

A. ORS examined various fuel related documents as part of our review. These documents address the Company's fuel, environmental, and purchased power expenses for the Actual, Estimated, and Forecasted Periods. In preparation for this proceeding, ORS analyzed the Company's monthly fuel reports. ORS examined the Company's contracts for nuclear fuel, coal, natural gas, fuel oil, transportation, and environmental reagents. ORS also evaluated the Company's policies and procedures for fuel procurement. All

information was reviewed with reference to the Company's existing Adjustment for Fuel, Variable Environmental, Avoided Capacity, S.C. Code Ann. §58-27-865 (the "Fuel Clause Statute"), and the Company's approved Distributed Energy Resource Program, S.C. Code Ann. § 58-39-140 ("DERP").

Q. WHAT ADDITIONAL STEPS WERE TAKEN IN ORS'S REVIEW OF THE COMPANY'S PROPOSAL?

A. ORS met with Company personnel from various departments to discuss and review fossil and nuclear fuel procurement, fuel transportation, environmental compliance costs and procedures, emission allowances, forecasting, and general Company policies and procedures pertaining to fuel procurement. In addition, throughout the year ORS monitors the nuclear, coal, natural gas, transportation and renewable industries through industry and governmental publications.

Q. DID ORS REVIEW THE COMPANY'S ENVIRONMENTAL COMPLIANCE RELATED COSTS?

A. Yes. ORS reviewed the Company's environmental compliance related costs including allowances for nitrogen oxide ("NO_x") and sulfur dioxide ("SO₂") emissions, reagents (i.e., limestone, ammonia, urea, etc.), and chemicals used in the reduction of these emissions. The use of these chemicals and reagents reduces the Company's NO_x and SO₂ emissions, and the costs associated with the use of these substances are included in the Company's Adjustment for Fuel, Variable Environmental, Avoided Capacity, and DERP costs tariff as provided by the Fuel Clause Statute.

Q. DID ORS REVIEW THE ACCURACY OF THE COMPANY'S FORECAST?

1 **A.** Yes. As shown in Exhibit MSH-1, the Company's actual megawatt-hour (MWh)
2 sales were 0.79% higher than expected during the Actual Period. Exhibit MSH-2 shows,
3 on average, the actual fuel costs for the Actual Period were 6.38% lower than the projected
4 monthly fuel costs. Exhibit MSH-3 shows the actual fuel expenses for the Actual Period
5 were 5.81% lower than the Company's projections for the Actual Period.

6 **Q. PLEASE DISCUSS ORS'S REVIEW OF THE COMPANY'S FORECASTED**
7 **SALES AND COSTS FOR THE ESTIMATED AND FORECASTED PERIODS.**

8 **A.** ORS reviewed the Company's projected sales and performed a comparative
9 analysis to the projections from its last fuel proceeding in Docket No. 2019-2-E and sales
10 from the Actual Period. ORS found the Company's sales projections to be reasonable and
11 in line with historical sales data.

12 ORS reviewed the Company's forecasted costs for nuclear fuel, coal, natural gas,
13 fuel oil, transportation, and environmental reagents for the Estimated and Forecasted
14 Periods. ORS compared the monthly projected costs to historical projections from Docket
15 No. 2019-2-E, actual data from the Actual Period, and commodity prices from numerous
16 industry publications. ORS found the Company's forecasted costs to be reasonable.

17 **Q. DID ORS DETERMINE THE PRIMARY DRIVERS OF THE COMPANY'S**
18 **REQUEST FOR A RATE CHANGE IN THIS PROCEEDING?**

19 **A.** Yes. Exhibit MSH-4 shows the cumulative ending period balances of base fuel,
20 environmental, capacity, and DERP avoided costs beginning in December 2009. As of
21 December 2019, the Company had a cumulative base fuel over-recovery balance of
22 (\$8,415,146), a cumulative environmental and capacity related over-recovery balance of
23 (\$4,011,204), and a cumulative DERP avoided costs over-recovery balance of

1 (\$1,334,400). This is reflected in ORS witness Briseno's Audit Exhibit ADB-5. As shown
2 on ORS witness Briseno's Audit Exhibit ADB-5, ORS projects the Company to have a
3 cumulative base fuel over-recovery balance of (\$17,310,750), a cumulative environmental
4 and capacity related over-recovery balance of (\$4,584,509), and a cumulative DERP
5 avoided costs over-recovery balance of (\$660,175) by April 2020. The Company's request
6 for a decrease is driven by these over-recovery balances being greater than in the previous
7 year (Docket No. 2019-2-E). Additionally, the Company is forecasting decreased
8 delivered coal and natural gas prices and nuclear fuel expenses during the Forecasted
9 Period.

10 **Q. WHAT CHANGES DOES THE COMPANY REQUEST TO ITS CURRENTLY**
11 **APPROVED FACTORS?**

12 **A.** The Company requests the Commission approve a decrease to its currently
13 approved Base Fuel Component ("Base Fuel Component") for the Forecasted Period.
14 Additionally, the Company requests to update its Variable Environmental and Avoided
15 Capacity Cost Component ("Environmental and Avoided Capacity Component") and
16 DERP Avoided Cost Component ("DERP Avoided Cost Component") to reflect the
17 Company's forecasted expenses and allocation of these expenses to each class of customer
18 based on its contribution to the Company's summer 2019 peak.

19 **Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE BASE FUEL COSTS**
20 **PROPOSED BY THE COMPANY?**

21 **A.** No. ORS does not recommend any adjustments to the Fuel Factors based on the
22 Company's historical and forecasted fuel expenses and customer sales.

Q. ARE THERE ANY ADDITIONAL FACTORS IN THIS DOCKET THAT WILL IMPACT CUSTOMERS' BILLS?

A. Yes. The Company included proposed rates related to its DERP incremental expenses. ORS witness Lawyer addresses the Company's incremental expenses to be recovered as a fixed charge ("DERP Charge") on customer bills.

Q. WHAT IMPACT WILL THE PROPOSED CHANGE HAVE ON THE TYPICAL MONTHLY BILL OF A RESIDENTIAL CUSTOMER?

A. Exhibit MSH-5 is a summary of the proposed fuel factor components for each customer class. If approved by the Commission, the rates proposed would decrease the typical monthly bill for a Residential Customer on Rate 8 using 1,000 kilowatt-hour (kWh) from \$124.35 to approximately \$122.45, a net decrease of \$1.90 or 1.53%.

Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT BECOMES AVAILABLE?

A. Yes. ORS fully reserves the right to revise its recommendations via supplemental testimony should new information not previously provided by the Company, or other sources, become available.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Office of Regulatory Staff
Comparison of Estimated to Actual Energy Sales
Dominion Energy South Carolina, Inc.
Docket No. 2020-2-E

2019													
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Period Total
[1] Actual Sales (MWh)	1,786,348	1,756,809	1,519,490	1,502,826	1,727,676	1,979,206	2,218,015	2,240,800	2,035,116	1,874,370	1,584,418	1,702,991	21,928,065
[2] Estimated Sales (MWh)	1,919,900	1,842,300	1,634,200	1,554,000	1,705,500	1,844,900	2,196,700	2,196,400	1,909,200	1,707,000	1,513,100	1,733,600	21,756,800
[3] Difference [1]-[2]	-133,552	-85,491	-114,710	-51,174	22,176	134,306	21,315	44,400	125,916	167,370	71,318	-30,609	171,265
[4] Percent Difference [3]/[2]	-6.96%	-4.64%	-7.02%	-3.29%	1.30%	7.28%	0.97%	2.02%	6.60%	9.80%	4.71%	-1.77%	0.79%

Office of Regulatory Staff
Comparison of Estimated to Actual Fuel Cost
Dominion Energy South Carolina, Inc.
Docket No. 2020-2-E

2019													
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Period Average
[1] Actual Experience (¢/kWh)	2.8584	2.1725	2.5342	2.5718	2.9673	2.4252	2.5853	2.2266	2.6035	2.0355	2.9688	2.4287	2.5315
[2] Original Projection (¢/kWh)	3.1793	2.5534	2.5055	2.7225	2.7498	2.7673	2.7045	2.7009	2.4071	2.3705	2.8017	2.9860	2.7040
[3] Amount in Base (¢/kWh)	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510	2.4510
[4] Variance from Actual [1-2]/[2]	-10.09%	-14.92%	1.15%	-5.54%	7.91%	-12.36%	-4.41%	-17.56%	8.16%	-14.13%	5.96%	-18.66%	-6.38%

Office of Regulatory Staff
Comparison of Estimated to Actual Base Fuel Costs
Dominion Energy South Carolina, Inc.
Docket No. 2020-2-E

2019													
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Actual Period Total
[1] Actual Experience (Total \$)	\$53,149,284	\$39,936,789	\$40,178,327	\$40,352,237	\$53,215,944	\$50,200,712	\$59,711,385	\$52,318,661	\$55,780,938	\$39,957,652	\$49,428,595	\$43,189,371	\$577,419,895
[2] Original Projection (Total \$)	\$63,655,000	\$48,872,000	\$42,704,000	\$44,083,000	\$48,894,000	\$53,343,000	\$61,807,000	\$61,667,000	\$47,733,000	\$42,001,000	\$44,269,000	\$54,008,000	\$613,036,000
[3] Difference [1]-[2]	-\$10,505,716	-\$8,935,211	-\$2,525,673	-\$3,730,763	\$4,321,944	-\$3,142,288	-\$2,095,615	-\$9,348,339	\$8,047,938	-\$2,043,348	\$5,159,595	-\$10,818,629	-\$35,616,105
[4] Percent Difference [3]/[2]	-16.50%	-18.28%	-5.91%	-8.46%	8.84%	-5.89%	-3.39%	-15.16%	16.86%	-4.86%	11.66%	-20.03%	-5.81%

Office of Regulatory Staff
History of Cumulative Recovery Accounts
Dominion Energy South Carolina, Inc.
Docket No. 2020-2-E

Period Ending	Base Fuel (Over)/Under	Environmental & Avoided Capacity (Over)/Under	DERP Avoided Costs (Over)/Under
December-09	\$ 89,477,296	\$ (13,544,222)	N/A
December-10	\$ 76,013,131	\$ (3,180,866)	N/A
December-11	\$ 92,791,882	\$ 3,051,203	N/A
December-12	\$ 82,500,782	\$ 1,654,373	N/A
December-13	\$ 60,307,192	\$ 202,213	N/A
December-14	\$ 64,427,701	\$ (277,377)	N/A
December-15	\$ (21,307,142)	\$ (4,359,999)	\$ (2,035)
December-16	\$ (52,599,284)	\$ (3,904,943)	\$ (1,709,001)
December-17	\$ 2,355,695	\$ (2,272,425)	\$ (1,504,687)
December-18	\$ (8,740,636)	\$ (2,120,185)	\$ (1,856,462)
December-19	\$ (8,415,146)	\$ (4,011,204)	\$ (1,334,400)

Office of Regulatory Staff
Proposed Fuel Factors
Dominion Energy South Carolina, Inc.
Docket No. 2020-2-E

DESC Proposed Fuel Factors (¢/kWh)				
Customer Class	Base Fuel Component	Environmental Fuel & Avoided Capacity Component	DERP Avoided Cost Component	Total Fuel Factor
Residential	2.250	0.071	0.038	2.359
Small General Service	2.250	0.070	0.037	2.357
Medium General Service	2.250	0.057	0.030	2.337
Large General Service	2.250	0.036	0.019	2.305
Lighting	2.250	0.000	0.000	2.250